

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1601 – SB 1709

January 31, 2018

SUMMARY OF ORIGINAL BILL: Authorizes the creation of a corn producer's promotion board, and authorizes, upon approval by referendum, an assessment of \$0.01 per bushel of corn sold to fund the operations of the board.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – \$5,000/One-Time/Department of Agriculture

Other Fiscal Impact – To the extent Tennessee corn producers approve the proposed \$0.01 per bushel assessment, the Department of Agriculture could retain up to \$62,700 from total assessment collections as a sum sufficient for covering costs for administration.

SUMMARY OF AMENDMENT (012155): Rewrites certain language of the bill to authorize the Department of Agriculture to assign a contractor or designee to collect assessments established under title 43, chapter 29, part 1. Adds language to define "corn" to mean all kinds of varieties of corn except popcorn, sweet corn, and ornamental corns.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

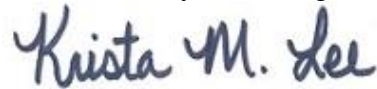
- Title 43, Chapter 29, Part 1 authorizes the creation of producer promotion boards for the purpose of financing and contributing to the financing of promotion, advertising, and research designed to increase the consumption, use, and sale of agricultural commodities in domestic and foreign markets.
- The proposed legislation authorizes the creation of a corn producer's promotion board.
- Tennessee corn producers must approve, by referendum, to levy an assessment on every bushel of corn sold. The proposed legislation sets the assessment at \$0.01 per bushel.
- Tennessee Code Annotated § 43-29-108 requires the Department of Agriculture (DOA) to incur the costs of any referendum until an assessment is levied. The 2012 Agriculture

Census shows 4,301 farms grew corn. The DOA would have to provide ballots and affidavits for the referendum.

- The DOA will print approximately 5,000 one-page ballots and 5,000 one-page affidavits. Printing will cost approximately \$0.50 per page. The proposed legislation will result in a one-time increase in state expenditures to the DOA estimated to be \$5,000 [(5,000 ballots + 5,000 affidavits) x \$0.50 cost per page].
- The Department of Agriculture will collect the assessments and pay the collected amounts to the corn producer's board.
- Statistics from the United States Department of Agriculture (USDA) show Tennessee farmers harvested an average of 790,000 acres of corn per year from 2013-2016. Further, USDA statistics show the average yield of 158.75 bushels per acre over the same period.
- Tennessee farmers produce approximately 125,412,500 bushels of corn per year (790,000 harvested acres x 158.75 bushels per acre). To the extent Tennessee corn producers approve the \$0.01 per bushel assessment; the DOA would collect approximately \$1,254,125 (125,412,500 x \$0.01).
- Tennessee Code Annotated § 43-29-109 authorizes DOA to retain up to five percent of the assessments collected or a sum sufficient to cover all of the department's expenses of collection, whichever is less.
- The Department of Agriculture could retain up to \$62,706 if five percent is the lesser amount authorized under Tenn. Code Ann. § 43-29-109.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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